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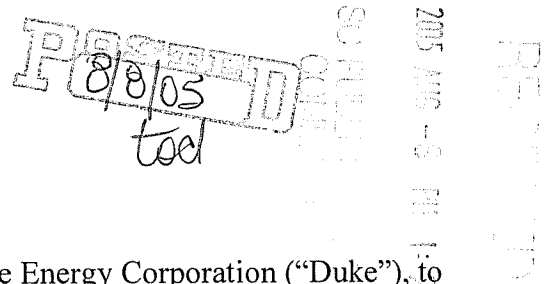
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August 8, 2005

VIA HAND DELIVERY

The Honorable Charles L. A. Terreni
Chief Clerk and Administrator
The Public Service Commission of South Carolina
101 Executive Center Drive
Columbia, South Carolina 29210



RE: Petition of Duke Power, a Division of Duke Energy Corporation ("Duke"), to
Adopt New Nuclear Decommissioning Funding Rates Effective January 1, 2005.

Dear Mr. Terreni:

Enclosed please find the original and ten copies of Duke's Petition for approval relevant to the above referenced matter.

Duke would note, through counsel, that the Petition requests that the funding rate be retroactive to and effective on January 1, 2005. Duke would also like to have an Accounting Order issued in this matter prior to September 1, 2005. Please let us know if you have any questions or concerns.

With kind regards, we are

Sincerely,

William F. Austin
Richard L. Whitt

RLW/rgw

cc: C. Dukes Scott, Esquire
Florence P. Belser, Esquire
(all of the South Carolina Office of Regulatory Staff)
Dr. James Spearman
Jocelyn Boyd, Esquire

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DOCKETING DEPT.

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA

DOCKET NO. 2005-~~234~~-E -

August 8, 2005

IN RE: Petition of Duke Power,
 a Division of Duke Energy Corporation, to)
 Adopt New Nuclear Decommissioning) **PETITION**
 Funding Rates Effective January 1, 2005)

Duke Power, a division of Duke Energy Corporation ("Petitioner" or "Duke"), hereby petitions the Public Service Commission of South Carolina ("Commission") for approval of an Accounting Order allowing it to adopt new nuclear decommissioning funding rates retroactive to and effective January 1, 2005. This Petition is made pursuant to, §58-27-870(F) (Supp. 2004) of the S.C. Code Ann. and other applicable rules, regulations, and statutes. In support of this Petition, Duke shows the Commission the following:

1. Its general offices are at 422 South Church Street, Charlotte, North Carolina, and its mailing address is:

Duke Power
422 South Church Street, PBO5E
Charlotte, North Carolina 28202

2. The name and address of Petitioner's attorneys are:

Lawrence B. Somers, Assistant General Counsel
Duke Power, a division of Duke Energy Corporation
P.O. Box 1244, PBO5E
Charlotte, North Carolina 28201-1244
(704) 382-8142

William F. Austin
Richard L. Whitt
Austin, Lewis & Rogers, P.A.
508 Hampton Street
Columbia, South Carolina 29201
(803) 251-7443

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3. Copies of all pleadings, orders or correspondence in this proceeding should be served upon the attorneys listed above.

4. Duke is a public utility engaged in the generation, transmission, distribution, and sale of electric energy in the central portion of North Carolina and the western portion of South Carolina, and is subject to the jurisdiction of this Commission.

5. On June 11, 2004, Duke filed with this Commission a copy of its 2004 nuclear decommissioning cost study pursuant to Commission Order No. 94-1308 dated December 30, 1994 in Docket No. 91-216-E. In its December 22, 2004 nuclear decommissioning filing, Duke informed the Commission that it had prepared a cost and funding assessment, which determined that the annual South Carolina jurisdictional funding requirement is \$12,322,000, which is \$2,677,000 less than the previous South Carolina jurisdictional funding requirement of \$14,999,000.

6. By order issued July 29, 2005, the North Carolina Utilities Commission ("NCUC") accepted Duke's 2004 nuclear decommissioning cost and funding report and set Duke's North Carolina retail jurisdictional funding amount as requested by Duke. *In the Matter of Decommissioning Costs for Nuclear Power Plants Owned and Operated by Carolina Power & Light Company d/b/a Progress Energy Carolinas, Inc.; Duke, a division of Duke Energy Corporation; and Virginia Electric and Power, d/b/a Dominion North Carolina Power*, Docket No. E-100, Sub 56, Order Ruling on 2004 Cost Studies and Funding Report of Duke ("NCUC Order"). Pursuant to Duke's cost and funding report and the NCUC Order, the current total Duke system annual funding requirement, in round numbers, is \$49,000,000, with \$35,000,000 allocated to North Carolina retail jurisdiction. The NCUC Order bases the North Carolina retail jurisdictional funding amount upon the allocation factor in Duke's cost of service study that is filed annually with the NCUC (71.1761% per the 2003 cost of service study; 70.8989% per the 2004 cost of service study). The NCUC Order implemented the updated nuclear decommissioning funding level effective January 1, 2005, and also requires Duke to reduce its nuclear depreciation rate to eliminate any impact for nuclear decommissioning costs, as requested by Duke.

7. As a result of Duke's revised nuclear decommissioning South Carolina jurisdictional funding requirement and the NCUC Order, Duke requests that the Commission enter an Accounting Order as follows:

(a) allowing Duke to implement the new South Carolina jurisdictional nuclear decommissioning funding level and basing future levels upon the annual jurisdictional allocation factor (26.1053% in the 2004 cost of service study);

(b) allowing Duke to reduce its nuclear depreciation rate to eliminate any impact for nuclear decommissioning costs; and

(c) allowing Duke to implement the new nuclear decommissioning funding level effective January 1, 2005.

8. The adoption and implementation of the new nuclear depreciation funding rates will not involve a change to any of Duke's rates or prices, or any Commission rule, regulation or policy. In addition, Duke notes that issuance of the requested Accounting Order will not prejudice any party's right to address this issue in a subsequent general rate case proceeding.

9. §58-27-870(F) (Supp. 2004) of the S.C. Code Ann. allows this Commission to put new rates into effect without notice and hearing, upon Order, when the rates do not result in any rate increase to the electrical utility. The nuclear depreciation funding rate that Duke requests in the present case fit into this category, therefore no notice and/or hearing is necessary under the law.

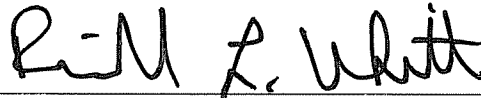
10. Duke agrees that this Accounting Order is not to be precedential to future rate setting Orders.

11. Duke requests that this Commission: (i) inquire into the relief sought in this Petition; (ii) conclude that the relief requested in the Petition should be granted as filed; (ii) find that notice and hearing are not required and (iv) issue the requested Accounting Order with the new nuclear decommissioning funding rate retroactive to and effective January 1, 2005.

WHEREFORE, Petitioner prays that pursuant to §58-27-870(F) (Supp. 2004) of the S.C. Code Ann., and other applicable rules, regulations and statutes, that this Commission enter an Accounting Order as requested hereinabove.

This the 8th day of August, 2005.

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